

VZCZCXRO0897
PP RUEHDBU
DE RUEHBUL #1976/01 1221405
ZNY CCCCC ZZH
P 021405Z MAY 06
FM AMEMBASSY KABUL
TO RUEHC/SECSTATE WASHDC PRIORITY 9961
INFO RUCNAFG/AFGHANISTAN COLLECTIVE
RUEHSJ/AMEMBASSY SAN JOSE 0009
RHEHAAA/NSC WASHDC
RHEFDIA/DIA WASHDC
RUEAIIA/CIA WASHDC
RUEKJCS/Joint STAFF WASHDC
RUEKJCS/CJCS WASHDC
RUEKJCS/SECDEF WASHDC
RUEHGV/USMISSION GENEVA 5911
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL
RHMFIS/CDR USCENTCOM MACDILL AFB FL
RHMFIS/COMSOCCENT MACDILL AFB FL
RUEATRS/US TREASURY WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 KABUL 001976

SIPDIS

SIPDIS

DEPT FOR SA/FO, S/CT, SA/A,
NSC FOR AHARRIMAN, KAMEND
CENTCOM FOR POLAD, CG CFC-A, CG CJTF-76
TREASURY FOR LMCDONALD, WBALDRIDGE, APARAMESWARAN, ABAUKOL
STATE PLEASE PASS USAID
USAID FOR AID/ANE, AID/DCHA/DG
SAN JOSE FOR JANAE COOLEY
REL NATO/ISAF, AUS, NZ

E.O. 12958: DECL: 09/04/2015

TAGS: PGOV PREL PINR KDEM AF

SUBJECT: 20 MINISTERS SWORN IN; WOLESI JIRGA REVIEWS THE BUDGET

REF: A. METRINKO EMAIL 5/1/06

1B. KABUL 1791

Classified By: POLITICAL COUNSELOR ANGUS SIMMONS FOR REASONS 1.4 (B) AND (D)

11. (SBU) SUMMARY. On May 1 and 2, the lower house of the Afghan Parliament reviewed the GOA budget, posing extensive questions to Minister of Finance Ahadi about the government's finances. During debate, the Wolesi Jirga (WJ) emphasized two points: first, it has the right to closely review the budget and expects more consultation from the government next year, and second, it is frustrated with the lack of control by the Afghan government over its own budget. It is unclear whether, and what kind of, changes the WJ may want to make to the budget, which is not likely to be passed until next week.

In addition, The 20 ministers confirmed by Parliament in April were sworn in May 2. END SUMMARY.

Three Ministers Confirmed by Supreme Court

12. (SBU) Ending a week-long debate over whether three Ministers with close confirmation votes were approved by Parliament (REF A), the Supreme Court ruled on April 30 that a parliamentary majority consists of the majority of votes cast yes or no, not including abstentions. This cleared the way for the final confirmation of three Ministers who received a majority of yes or no votes, but not a majority of all votes cast. While debate on this issue had been heated in Parliament, the Supreme Court decision was accepted by voice vote with minimal debate at the end of the Wolesi Jirga session on May 1. The 20 Ministers confirmed by Parliament April 20 (REF B) were sworn in at a joint ceremony on May 2. The GOA has yet to nominate new candidates for the five remaining Ministerial positions.

Parliament Speaks Out on the Budget

¶13. (SBU) The Wolesi Jirga began debating the GOA budget on Wednesday April 26, with MPs expressing displeasure over the small size of the budget and confusion over its presentation.

After reviewing the relevant sections of the budget in each committee, the WJ summoned Minister Ahadi, accompanied by Deputy Minister Shahrani and the budget director to answer questions and justify the budget on May 1 and 2. Ahadi's presentation skipped over most of the details of the budget and focused on basic economic principles and realities for Afghanistan. He was frank in his explanation that Afghanistan does not control most of its budget, both because the GOA budget is dwarfed in size by international donations and because of restrictions put in place by international financial institutions.

¶14. (SBU) MPs reacted negatively, and sometimes emotionally, to the budget. While many asked highly specific or technical questions, most questioned the process by which the budget was approved and the international role in Afghanistan's budget. Most stressed that the Parliament has a legitimate constitutional role in passage of the budget, and were displeased that they had not been consulted in its drafting. Some, such as Mohammed Sarwar Jawadi from Bamyan, asserted authority over international projects as well, stating that the international community is obliged to consult with Parliament. Ahadi responded that he intends to consult more closely with Parliament during the next fiscal year (promising to report to them every two months) and reiterated the importance of the international community in Afghanistan's finances. Several questions also focused on

KABUL 00001976 002 OF 003

civil service salaries and benefits, which Ahadi deflected by stating that the cap on salaries was imposed by the international community. Of all the impositions of the IC on the budget, this was the most disliked. While MPs stated that they support the "free market," several stated that more government investment in industry is needed to support Afghanistan's economy. The idea of providing food or other vouchers to government employees was also raised repeatedly. MPs noted that it is difficult for them to vote on the budget when they do not have the "tashkil" - the structure of government including the number of civil service jobs for each Ministry and a description of the Ministries' functions.

They pointed to proper exploitation of Afghanistan's natural resources as one solution to Afghanistan's dependency on the international community. Unusually, the Budget Committee waived its right to question Ahadi, stating that all of its points had already been raised.

¶15. (SBU) The Wolesi Jirga plans to discuss revisions to the budget in committee sessions May 3, and then gather the suggested changes together to determine a course of action May 4. It remains to be seen whether, or how, they would amend the budget. Given that Parliament does not appear to be debating a law containing the budget, but instead a series of spreadsheets submitted by the government, the WJ's revisions may come as informal suggestions to the government rather than formal amendments. Speaker Qanooni led the debate in a conciliatory fashion, with both him and Ahadi noting that Parliamentary oversight of the budget is a new concept and it will take time to get it right. In conversations with POLOFF, several MPs stated that while they disliked the budget process and their lack of input into it, they saw no option aside from passage of the budget.

Overall Budget Process Delayed and Confused

¶16. (U) The Afghan Constitution states that the budget should be presented to Parliament 45 days before the end of the fiscal year (in other words, around February 5). The Meshrano Jirga is given 15 days to comment on the budget, and

it then submits the budget to the Wolesi Jirga with its comments. The Wolesi Jirga then has thirty days to vote on the budget. If the Wolesi Jirga does not act within thirty days, the budget is considered passed.

¶7. (SBU) The budget process got off to a late start this year when the Ministry of Finance presented it to parliament on March 6. The process after that demonstrated some confusion by MPs as to their roles and responsibilities. The Meshrano Jirga reviewed the budget and suggested 13 amendments, which they sent to the Ministry of Finance rather than the Wolesi Jirga. The Meshrano Jirga did, however, submit the budget to the Wolesi Jirga on the Afghan New Year (March 21). In mid-April, the leadership committee of the WJ (made up of the chairs of all committees) discussed the budget and decided to return it to the Ministry of Finance. They requested a budget that reflected the actual number of Ministries (now numbering 25 rather than the 27 Ministries in the submitted budget) and that was accompanied by the "tashkil." The GOA did not respond to either the comments by the Meshrano Jirga or the request by the Wolesi Jirga for a new budget.

¶8. (SBU) While according to the Constitution the budget should have been passed by April 21, this deadline passed without comment. With the Wolesi Jirga engrossed in debate on Cabinet confirmations for most of April, earlier discussion was impractical, and all sides appear to have agreed that sticking to tight deadlines was to no one's advantage.

KABUL 00001976 003.2 OF 003

Assistance Efforts Focus on the Basics

¶9. (SBU) Efforts by MPs to exert true oversight over the budget are hampered by their lack of experience with and exposure to the parliamentary budget process, and in some cases, budgets in general. USAID has made training on the budget a key component of the US assistance program to parliament and, through implementing partner the State University of New York (SUNY), hired an advisor to serve as an assistant to the WJ Budget and National Economy Committees for six weeks. This advisor is assisting the committee in understanding the contents of the submitted budget and then, at the request of the Commissions, assisted in drafting amendments to the budget law increasing Parliament's oversight role over the budget. SUNY also conducted several well-received briefings for the Meshrano Jirga leadership and budget commissions.

¶10. (SBU) Regular briefings and workshops on budget review and analysis will continue over the next year, and efforts are underway to facilitate the creation of a coordinating mechanism between the Ministry of Finance and the Budget Committees in Parliament. In addition to its work on the budget, SUNY has plans to begin training for the Budget and National Economy Committees on general economic and development issues - from the principles of a free market economy to the Afghan National Development Strategy - beginning June 2006. Overall, however, most MPs have a low base of understanding of budget and economic principles on which to build.

Comment

¶11. (C) Throughout the budget process thus far, the Parliament's primary concern has been to establish its authority to provide genuine oversight. The executive branch, however, paid little attention to Parliament's role in this process until Minister Ahadi began taking questions on Sunday. While Ahadi stated that the Ministry of Finance had answered all of the Budget Committee's questions in short order, Committee members and staff complained that they had no contact with the Ministry of Finance. This lack of

attention to Parliament's proper role (similar to the government's attitude at the beginning of Cabinet confirmation hearings) temporarily exacerbated tensions between the legislature and the executive, but Ahadi's strong performance before Parliament and Qanooni's conciliatory attitude are likely to lead to a positive solution.

Parliament does not have the capacity currently to provide more than superficial oversight of the budget, but without an acknowledgment that this is Parliament's proper role, the government could be headed toward trouble on passage of future financial legislation. END COMMENT.

NEUMANN